

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

TELEXFREE, INC.,  
TELEXFREE LLC,  
JAMES M. MERRILL,  
CARLOS N. WANZELER,  
STEVEN M. LABRIOLA,  
JOSEPH H. CRAFT,  
SANDERLEY RODRIGUES DE  
VASCONCELOS,  
SANTIAGO DE LA ROSA,  
RANDY N. CROSBY and  
FAITH R. SLOAN,

Defendants,

and

TELEXFREE FINANCIAL, INC.,  
TELEXELECTRIC, LLC and  
TELEX MOBILE HOLDINGS, INC.,

Relief Defendants.

No. 1:14-CV-11858-NMG

**STATUS REPORT OF THE DEPARTMENT OF JUSTICE  
CONCERNING PARALLEL CRIMINAL PROCEEDINGS**

By an order dated October 8, 2014, the Court granted the Department of Justice's motion to intervene in these proceedings, and further granted its motion to stay discovery until parallel criminal proceedings are resolved. *See* Order at 10 (Dkt # 275). The Court also ordered the Department of Justice ("DOJ") to file a status report on the progress of the criminal case on or before January 15, 2015, and every three months thereafter. *Id.* Most recently, by order of April 21, 2017, the Court ordered the government to file a status report by June 23, 2017.

In the criminal matter, *United States v. James Merrill and Carlos Wanzeler*, No. 14-CR-40028-TSH,<sup>1</sup> on October 24, 2016, defendant James Merrill pleaded guilty to the charges in the superseding indictment, with the exception of money laundering charges (which the government anticipates dismissing at Mr. Merrill's sentencing hearing). His sentencing hearing was held on March 22, 2017, at which Mr. Merrill was sentenced to six years in prison, with accompanying supervised release, forfeiture and restitution, though certain details of the restitution remain to be ironed out; the government anticipates an additional order, or a hearing, on restitution in the criminal matter in the near future. On May 31, 2017, Mr. Merrill reported to the Bureau of Prisons.

Respectfully submitted,

WILLIAM WEINREB  
Acting United States Attorney

By: /s/ Andrew Lelling  
Andrew E. Lelling  
Neil J. Gallagher, Jr.  
Assistant U.S. Attorneys

Date: June 23, 2017

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<sup>1</sup> Note that Judge Hillman also presides over the consolidated class actions currently pending against TelexFree, Inc., the defendants in the criminal matter, and others. *See In Re: Telexfree Securities Litigation*, MDL No. 14-MD-2566-TSH. Judge Hillman allowed the government's request to intervene and to stay the MDL matter as well.

**CERTIFICATE OF SERVICE**

I hereby certify that this document, filed through the ECF system, will be sent electronically to the registered participants as identified on the Notice of Electronic Filing, and paper copies will be sent to those indicated as non-registered participants, on June 23, 2017.

/s/ Andrew Lelling  
Andrew E. Lelling